

Treasury Notes

the newsletter of the
Indiana Treasurer of State
Richard Mourdock

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I confess, the second quarter of 2009 was one of the most challenging times in my professional life and as an elected official.

Most Hoosiers are aware that I filed an objection in May to the *Chrysler, LLC* bankruptcy on behalf of Hoosier taxpayers, retired state police officers, and retired teachers. My decision was not popular with all, but was in strict compliance with my role as a fiduciary to protect the funds for which I am responsible. I continue to believe the actions of the federal government were an unprecedented violation of bankruptcy laws and the United States Constitution. My oath of office states that I will support the Constitution, and I would not have been supporting it if I had chosen not to act. I have no regrets.

On page 2, I will share additional information and details, under-reported or ignored during the legal proceedings, which will further highlight the inappropriate activities by the federal government during the case.

Even as the *Chrysler* bankruptcy was in full swing, our office was busy with other activities: Indiana's CollegeChoice 529 Savings Plan received national recognition as one of the five best plans in the nation and the Treasurer of State's Office, through sound fiscal management, returned part of its 2009 fiscal year budget back the state's General Fund.

I have continued to travel across Indiana talking to numerous civic clubs and professional organizations about the state of our economy. As of June 30, 2009, I have spoken to 13 *Rotary Clubs*, 3 local *Chambers*, 3 *Lions Clubs*, 2 *Optimists Clubs*, 1 *Kiwanis Club*, and 1 Local Economic Development Corp.

If you or your organization is in need of a speaker, I would be delighted to share my thoughts with your group. Please, contact Shauna Cooper at (317)234-0056 or shcooper@tos.in.gov.

As always, you can reach us at (317)232-6386 or www.in.gov/tos if you have questions or in need of assistance from me or my office.

Sincerely,

Richard E. Mourdock
Indiana State Treasurer

Jim Holden

Deputy Treasurer & General Counsel
Treasurer of State's Office
(317)232-6388
jholden@tos.in.gov

Kim Logan

Deputy Treasurer & Treasury Management
Treasurer of State's Office
(317)233-0921
klogan@tos.in.gov

Steve Midkiff

Deputy Treasurer & Portfolio Manager
Treasurer of State's Office
(317)232-0140
smidkiff@tos.in.gov

Dan Huge

Executive Director
Indiana Bond Bank
(317)223-0090
dhuge@inbondbank.com

Patrick Hastings

Executive Director
Indiana Board of Depositories
(317)232-5258
phastings@tos.in.gov

Jodi Golden

Executive Director
Indiana Education Savings Authority
(317)232-5259
jgolden@tos.in.gov

Ken Lowden

Executive Director
Indiana Wireless Enhanced 911 Advisory Board
(317)234-2507
klowden@in911.net

Objection by Indiana Funds to *Chrysler, LLC* Bankruptcy



On Tuesday, May 19, 2009, an objection to the *Chrysler, LLC* bankruptcy was filed on behalf of the Major Moves Construction Fund, the Indiana State Police Pension Trust, and the Indiana Teacher's Retirement Fund. After proceeding through the bankruptcy court and the appellate courts, Indiana's case arrived before the Supreme Court of the United States (SCOTUS). To the detriment of Indiana's funds, the case was not heard in front of SCOTUS and *Chrysler, LLC*, shedding the majority of its debt, became the *Chrysler Group* with the following entities having equity stakes in the new company: the United Auto Workers (UAW) (55%), *Fiat, SpA* (20%), the US federal government (8%), and the government of Canada (2%). All of Indiana's legal filings, press releases, and much of the media coverage of the case can be found under the Treasurer of State's Office's website at www.in.gov/tos/2340.htm.

As I wrote earlier, I would like to take this opportunity to shed some additional light on inappropriate activities, some illegal, which were underreported or completely ignored during the legal proceedings of the *Chrysler, LLC* bankruptcy case.

- 1) The actual evaluation of former *Chrysler, LLC* for the purposes of the bankruptcy itself has been called into question with credible documentation coming forth recently. In February 2009, an automotive investment group offered to purchase the *Viper* brand of *Chrysler* for \$35 million dollars, yet two months later for bankruptcy purposes *Chrysler* executives stated the value of the *Viper* brand at \$5 million. The *Jeep* product line of *Chrysler*, as another example, was valued at \$6 billion dollars shortly before the company filed for bankruptcy, yet all of *Chrysler's* assets for the bankruptcy were evaluated at \$2 billion.
- 2) The Treasurer of State's Office was notified on Monday, May 18, 2009, at 10:00 a.m. that an objection to the *Chrysler* bankruptcy case with all supporting legal documentation had to be filed by Tuesday, May 19, 2009, at 4:00 p.m. Why such a breakneck pace? To try to ensure that no one would have an opportunity to file an objection therefore ensuring the pre-selected few, (UAW and *Fiat, SpA*), would receive what was promised to them by the federal government.
- 3) The phrase, "the *Chrysler* bankruptcy sale," was not and is not completely accurate. *Fiat, SpA* received their 20% equity stake, worth, if one chooses to use the lowest possible value assigned to the assets, \$400 million for nothing. Zero, zilch, nada! *Fiat, SpA*, a foreign corporation, was given \$400 million of assets by the US government, while Hoosier retirees were ripped off!
- 4) Inarguably, the US Congress never intended the Trouble Asset Relief Program (TARP) monies to be used to bailout the automobile industry, which the Bush and Obama administrations did illegally. Lawyers frequently call this a "misappropriation of funds." The U.S. Treasury Department created the Automotive Industry Financing Program (AIFP) as the means to access the funds from TARP, which was part of the Emergency Economic Stabilization Act (EESA), for the *Chrysler, LLC* bankruptcy. An interesting point is that neither the AIFP nor the language to use TARP funds for the automobile industry were ever mentioned in the EESA legislation.

Recently, I was invited to testify in front of the *Subcommittee on Commercial & Administrative Law of the Committee on the Judiciary in the U.S. House of Representatives* and the *Congressional Oversight Panel* regarding our legal objection in the *Chrysler, LLC* bankruptcy sale. My written testimonies can be found on the Treasurer of States' Office's website at www.in.gov/tos/2340.htm

Indiana's College Choice 529 Plan Receives National Recognition & Distinction

On April 23, 2009, the Indiana Education Savings Authority received national recognition by *Morningstar, Inc.* Indiana's CollegeChoice 529 Direct Savings Plan (Plan) was selected as one of "Top 5 Best" college savings plans in the nation. According to *Morningstar, Inc.*, the main criteria for the recognition was asset-allocation schemes, fees, flexibility, and overall quality of underlying investments of the plan.

"Nearly a year after deciding to change Plan administrators and to re-evaluate the Plan as a whole, I, along with other members of the Indiana Education Savings Authority, was thrilled that Indiana's Plan received such an honor and distinction." – **Treasurer Mourdock**

Indiana taxpayers are eligible to receive a tax credit of 20% up to \$1,000 on their Indiana income taxes for contributions made to one of Indiana's Plans.



Indiana's Treasurer of State's Office Returns 11.2% of its 2009 Fiscal Year Budget

The Indiana Treasurer of State's Office (TOS) ended its 2009 fiscal year budget, like the rest of state government, on June 30th. After final reporting, TOS returned \$98,719.88 or 11.3% of its appropriated budget back to the State of Indiana's General Fund.